

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

- - - - -	x
	:
In re:	: Chapter 11
	:
NORTHWESTERN CORPORATION,	: Case No. 03-12872 (JLP)
	:
Reorganized Debtor.	:
	:
	:
- - - - -	x

**APPELLANTS' STATEMENT OF ISSUES ON APPEAL
AND DESIGNATION OF ITEMS TO BE INCLUDED
IN THE RECORD (Doc. No. 3057)**

Appellant Lazard Frères & Co. LLC ("Lazard") hereby files this (i) statement of issues on appeal and (ii) designation of items to be included in the record pursuant to Federal Rule of Bankruptcy Procedure 8006 in connection with the above-captioned appeal of the Order With Respect to Final Fee Application of Lazard Frères & Co. LLC (Doc. No. 3045) (the "Order") issued May 5, 2005 by the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

The Court entered an Order Authorizing the Employment and Retention of Lazard Frères & Co. LLC as Financial Advisors and Investment Bankers for the Debtor (the "Retention Order") on October 10, 2003. Among other

things, the Retention Order authorized a \$5.5 million Restructuring Fee (as defined in Lazard's engagement letter with the debtor) upon the occurrence of certain events, subject to final Court review. During the pendency of the bankruptcy case, Lazard provided financial advisory and investment banking services to the above-captioned debtor and debtor-in-possession (the "Debtor"), was extensively involved at every stage of the bankruptcy case, and contributed to the successful outcome of the Debtor's restructuring. On December 1, 2004, Lazard filed its Final Application for Compensation (the "Final Application"). On May 5, 2005, the Bankruptcy Court issued its memorandum opinion and order reducing Lazard's Restructuring Fee by half, to \$2.75 million. On May 10, 2005, Lazard noticed its appeal from the Order.

Statement of Issues on Appeal

Whether the Bankruptcy Court erred in (1) holding that Lazard's request for approval of the Restructuring Fee in the amount provided in its engagement letter with the Debtor did not meet the criteria in 11 U.S.C. § 330(a)(3), and (2) reducing the Restructuring Fee by half, where no party in interest, including the holders of equity interests, objected to Lazard's Final Application, including the request for approval of the full Restructuring Fee?

**DESIGNATION OF ITEMS TO BE
INCLUDED IN THE RECORD**

Appellant designates the following items as they appear on the docket in the above-captioned bankruptcy case, including all exhibits, attachments, and other papers included within each docket entry and any exhibits, demonstrative or otherwise, admitted at any relevant hearing with respect to Appellant's underlying requests for relief:

Docket No.	Date	Document
39	9/17/03	Application for Order Pursuant to 11 U.S.C. § 327(a) and 328(a) and Fed. R. Bankr. P. 2014(a) Authorizing the Employment and Retention of Lazard Frères & Co. LLC As Investment Bankers for the Debtor
199	10/10/03	Order Authorizing the Employment and Retention of Lazard Frères & Co. LLC As Financial Advisors and Investment Bankers for the Debtor
202	10/10/03	Order Establishing Procedures for Payment of Interim Compensation and Reimbursement of Expenses to Professionals
688	1/14/04	First Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period September 14, 2003 through October 31, 2003
689	1/14/04	Second Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period November 1, 2003 through November 30, 2003

699	1/14/04	Amended Order Establishing Procedures for Payment of Interim Compensation and Reimbursement of Expenses to Professionals
704	1/15/04	First Interim Fee Application Request of Lazard Frères & Co. LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period from October 11, 2003 through December 31, 2003
716	1/20/04	Revised First Interim Fee Application Request of Lazard Frères & Co. LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period from September 14, 2003 through November 30, 2003
785	2/5/04	Certification of No Objection to Application (Docket No. 689)
786	2/5/04	Certification of No Objection to Application (Docket No. 688)
795	2/6/04	Third Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period December 1, 2003 through December 31, 2003
806	2/9/04	Certification of No Objection to Application (Docket No. 704)
838	2/17/04	Omnibus Order Approving First Quarterly Interim Fee Applications of Professionals
900	3/1/04	Certification of No Objection to Application (Docket No. 795)
938	3/15/04	Fourth Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period January 1, 2004 through January 31, 2004
1067	4/7/04	Certification of No Objection to Application (Docket No. 938)

1104	4/14/04	Fifth Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period February 1, 2004 through February 29, 2004
1113	4/14/04	Second Interim Fee Application of Lazard Frères & Co. LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period from December 1, 2003 through February 29, 2004
1254	5/10/04	Certification of No Objection to Application (Docket No. 1104)
1284	5/13/04	Memorandum Opinion and Signed Order
1330	5/21/04	Sixth Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period March 1, 2004 through March 31, 2004
1449	6/10/04	Seventh Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period April 1, 2004 through April 30, 2004
1457	6/14/04	Certification of No Objection to Fee Application (Docket No. 1330)
1539	6/24/04	Fee Auditor's Final Report Regarding Fee Application Of Lazard Freres & Co. LLC For The First Interim Period
1594	7/1/04	Eighth Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period May 1, 2004 through May 31, 2004
1603	7/2/04	Certification of No Objection to Fee Application (Docket No. 1449)

1687	7/15/04	Third Interim Fee Application Request of Lazard Frères & Co. LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period from March 1, 2004 through May 31, 2004
1797	8/2/04	Objection to Plan of RCG Carpathia Master Fund, Ltd. and Kellogg Capital Group, LLC f/k/a Performance Capital to Debtor's First Amended Plan of Reorganization
1800	8/2/04	Objection of David Fishel to Debtor's First Amended Plan of Reorganization and Joinder of David Fishel to Objection of RCG Carpathia Master Fund, Ltd. and Kellogg Capital Group, LLC f/k/a Performance Capital to Debtor's First Amended Plan of Reorganization
1868	8/9/04	Ninth Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period June 1, 2004 through June 30, 2004
2020	8/31/04	Debtor's Second Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code
2021	8/31/04	Second Amended and Restated Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code for the Plan of Reorganization of the Debtor
2022	8/31/04	Exhibits to Second Amended and Restated Disclosure Statement
2023	8/31/04	Summary Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code
2027	9/1/04	Certification of No Objection to Fee Application (Docket No. 1868)
2049	9/7/04	Certification of No Objection to Fee Application (Docket No. 1594)
2050	9/7/04	Tenth Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period July 1, 2004 through July 31, 2004

2090	9/17/04	Transcript Hearing Held 8/25/04
2136	9/29/04	Eleventh Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period August 1, 2004 through August 31, 2004
2163	10/5/04	Certification of No Objection to Fee Application (Docket No. 2050)
2171	10/6/04	Fourth Interim Fee Application Request of Lazard Frères & Co. LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period from June 1, 2004 through August 31, 2004
2188	10/11/04	Amended Attachment to the Fourth Interim Fee Application Request of Lazard Frères & Co. LLC for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor and Investment Banker to the Debtor for the Period from June 1, 2004 through August 31, 2004
2222	10/15/04	Fee Auditor's Final Report Regarding Fee Application Of Lazard Freres & Co. LLC For The Second Interim Period
2234	10/19/04	Transcript Hearing Held 10/6/04
2238	10/19/04	Order Confirming Debtor's Second Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code
2243	10/21/04	Certification of No Objection to Fee Application (Docket No. 2136)
2276	10/26/04	Transcript Hearing Held 10/8/04
2342	11/9/04	Twelfth Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses As Financial Advisor and Investment Banker to the Debtor for the Period September 1, 2004 Through September 30, 2004

2407	11/30/04	Thirteenth Monthly Fee Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses As Financial Advisor and Investment Banker to the Debtor for the Period October 1, 2004 Through November 1, 2004
2421	12/1/04	Final Application of Lazard Freres & Co LLC for Compensation for Services Rendered and Reimbursement of Expenses As Financial Advisor and Investment Banker to the Debtor for the Period September 14, 2003 Through November 1, 2004
2445	12/6/04	Certification of No Objection to Fee Application (Docket No. 2342)
2462	12/7/04	Omnibus Order Approving Second Quarterly Interim Fee Applications of Professionals
2519	12/29/04	Notice of the Substantial Consummation of the Debtor's Second Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code
2532	1/5/05	Certification of No Objection to Fee Application (Docket No. 2407)
2570	1/11/05	Fee Auditor's Final Report Regarding the Interim Fee Applications Of Lazard Freres & Co. LLC for the Third, Fourth And Fifth Interim Periods and Final Fee Application of Lazard Freres & Co. LLC for the Period From September 14, 2003 Through November 1, 2004
2811	2/15/05	Transcript Hearing Held 2/10/05
2914	3/16/05	Brief In Support of Final Fee Application of Lazard Frères & Co LLC
2975	4/11/05	Transcript Hearing Held 4/5/05
3044	5/5/05	Memorandum Opinion With Respect to Final Fee Application of Lazard Frères & Co. LLC
3045	5/5/05	Order With Respect to Final Fee Application of Lazard Frères & Co. LLC
3057	5/10/05	Notice of Appeal of the Order with Respect to Final Fee Application of Lazard Frères & Co. LLC (Docket No. 3045)

RESERVATION OF RIGHTS

Lazard expressly reserves its rights in the United States District Court for the District of Delaware to object to or otherwise move to strike or modify some or all of any counter-designation of items to be included in the record on appeal or counter-statement of issues to be presented that might be submitted.

Dated: Wilmington, Delaware
May 19, 2005

/s/ Anthony W. Clark
Anthony W. Clark (I.D. No. 2051)
Albert Theodore Powers III (I.D. No. 4490)
SKADDEN, ARPS, SLATE,
MEAGHER & FLOM LLP
One Rodney Square
Wilmington, Delaware 19899
(302) 651-3000

Attorneys for Lazard Frères & Co. LLC